DOCUMENT RESUME

ED 386 360 RC 020 255

AUTHOR Rivera-Batiz, Francisco L.
TITLE Falling Back: The Declining Socioeconomic Status of the Mexican Immigrant Population in the U.S., 1980-1990.
INSTITUTION Columbia Univ., New York, N.Y. Inst. for Urban and Minority Education.
REPORT NO IUME-RR-94-4
PUB DATE 19 Apr 94
NOTE 27p.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Demography; Educational Attainment; *Immigrants; *Income; Labor Market; Mexican Americans; *Mexicans; Poverty; *Socioeconomic Status; Unemployment; Unskilled Workers

ABSTRACT

This report presents data showing that the socioeconomic status of Mexican immigrants in the United States fell sharply behind that of the total native-born population during the 1980s and also declined relative to that of Mexican Americans. Data from the 1980 and 1990 censuses demonstrate that during the 1980s, the earnings and per capita income of Mexican immigrants declined, when adjusted for inflation, while their poverty and unemployment rates rose sharply. The deteriorating economic condition of Mexican immigrants in the 1980s occurred in spite of their increased labor force participation, comparatively stable family structure, and stationary age for the population. The key reason for the decline in economic status is related to the deteriorating labor market position of unskilled workers in America. Given the high proportion of Mexican immigrants with educational attainment of less than a high school diploma, the collapsing labor market for unskilled workers severely curtailed their economic opportunities. Worsening socioeconomic status was also shared by other immigrant groups whose population contained a large fraction of unskilled workers. Public policies intended to ease the adjustment of recent immigrants to the labor market should be supported. Programs to raise English literacy, adult literacy courses, and immigrant apprenticeship programs should be considered as critical. Contains 12 data tables. (SV)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 386 360

INSTITUTE FOR URBAN AND MINORITY EDUCATION

FALLING BACK:

THE DECLINING SOCIOECONOMIC STATUS OF

THE MEXICAN IMMIGRANT POPULATION IN THE U.S.

1980-1990

By

Dr. Francisco L. Rivera-Batiz
Director
Institute for Urban and Minority Education and
Teachers College, Columbia University

Teachers College

Columbia University

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
E. Flaxman

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)"

New York, New York 10027

RC 020255

BEST COPY AVAILABLE

FALLING BACK:

THE DECLINING SOCIOECONOMIC STATUS OF

THE MEXICAN IMMIGRANT POPULATION IN THE U.S.

1980-1990

By

Dr. Francisco L. Rivera-Batiz
Director
Institute for Urban and Minority Education and
Teachers College, Columbia University

April 19, 1994

IUME Research Report 94-4

The author is grateful to Roberto Agodini and Deboyioti Sarkar for their efficient research assistance.

THE INSTITUTE FOR URBAN AND MINORITY EDUCATION

The Institute for Urban and Minority Education (IUME) is located at Teachers College, Columbia University, in upper Manhattan, New York City. Teachers College is a graduate school at Columbia University, preparing professionals in the fields of education, health and psychology. IUME, founded in 1972, is committed to helping all individuals function at their fullest potential in an increasingly urban and diverse society.

IUME engages in the following types of activities:

- conducts research, translates and applies it to practical situations, and publishes findings;
- provides innovative services for educational decision makers, administrators, and practitioners, by developing programs, techniques, instruments, and materials; and
- seeks to influence public policy on educational issues related to racial groups, ethnic groups, and women.

The Institute maintains an active publications program which includes research reports, policy briefs, working papers, educational materials, and book-length volumes.

IUME STAFF

Director
Dr. Francisco L. Rivera-Batiz
Associate Professor of Economics and Education
Teachers College, Columbia University

Associate Director for Information Dissemination
Dr. Erwin Flaxman
Director, ERIC Clearinghouse on Urban Education
Teachers College, Columbia University

Associate Director for Research and Evaluation
Dr. Celia Genishi
Professor of Education
Teachers College, Columbia University

Associate Director for Professional Development and Educational Services
Dr. Marietta Saravia-Shore
Director, Cross-Cultural Literacy Center
Teachers College, Columbia University

The central offices of IUME are located at 201 Main Hall, 525 West 120th Street, Teachers College, Columbia University, New York, New York 10027. For more information on IUME contact: Paula Russell-Hendricks, Administrative Associate (212) 678-3780.

FALLING BACK:
THE DECLINING SOCIOECONOMIC STATUS OF THE MEXICAN IMMIGRANT POPULATION IN THE UNITED STATES, 1980-1990

By Francisco L. Rivera-Batiz
Teachers College, Columbia University

I. INTRODUCTION

This research report presents data showing that the socioeconomic status of Mexican immigrants in the United States fell sharply behind that of the native-born population during the 1980s. Using the 1980 and 1990 U.S. Census of Population, the study demonstrates that: (1) in the 1980s, the per-capita income of the Mexican foreign-born population in the U.S. declined, when adjusted for inflation, (2) the poverty rate among Mexican immigrants increased sharply during the 1980-1990 period, (3) unemployment rates among the Mexican immigrant population rose significantly during the decade, and (4) the earnings of Mexican immigrants spiraled downwards in the 1980s, when adjusted for inflation. We also show that the deteriorating economic condition of Mexican immigrants in the 1980s occurred in spite of increased labor force participation, a comparatively stable family structure and a stationary age of the population. The key reason why Mexican immigrants fell back in economic status during the 1980s is related to the deteriorating labor market position of unskilled workers in America: given the high proportion of Mexican immigrants with educational attainment equivalent to less than a high school diploma, the collapsing labor market for these workers severely curtailed their economic opportunities in the United States.

The worsening socioeconomic status of the Mexican immigrant population is shared by other immigrant groups whose population contains a large fraction of unskilled workers. The phenomenon represents a major new challenge to American social policy. In the past, the American labor market for unskilled labor was comparatively stronger than in recent years, allowing the easier absorption of unskilled immigrants into the economy. But the decade of the 1980s saw the real

earnings of workers with less than high school education drop sharply, as has been documented by economists David Bloom of Columbia University, McKinley Blackburn of the Brookings Institution, and Richard Freeman of Harvard. In addition, the average level of education of the immigrant contingents arriving in the U.S. declined substantially relative to that of the native-born population, a phenomenon which has been widely noted by demographers and economists, including Barry Chiswick of the University of Illinois at Chicago and George Borjas, of the University of California at San Diego. The confluence of these forces generates the rising poverty rates that we observe today among unskilled immigrants.

This report begins by providing a comparative profile of the economic condition of the Mexican immigrant population in the United States in the 1980s. It then studies the key factors explaining the changes in socioeconomic status during the last decade. It concludes with a discussion of the policy implications of our analysis.

II. THE MEXICAN IMMIGRANT POPULATION IN THE UNITED STATES AND ITS RELATIVE ECONOMIC STATUS

Table 1 shows the decomposition of the resident population of the United States into immigrants (persons born outside the U.S.) and native-born persons (persons born in the United States). In 1990, immigrants accounted for 8.5 percent of the total population residing in the U.S., an increase over the proportion in 1980, when immigrants composed 7.2 percent of the population. For the Mexican population in the U.S., however, a much larger fraction consists of immigrants. As Table 1 shows, the number of U.S. residents identifying themselves as of Mexican ethnicity in 1990 reached close to thirteen and a half million people. Of these, approximately two thirds were Mexican-Americans, that is, persons born in the United States who identified themselves as having Mexican

TABLE 1

THE POPULATION OF THE UNITED STATES, 1980 - 1990

Population Group	Population 1980	Population 1990	Change in Population (%) 1980 - 1990
Population of the U.S., total	226,546,000	248,710,000	9.8%
Immigrants	16,223,653	21,244,843	30.9
Persons born in the U.S.	210,322,347	227,465,157	8.1
Immigrants as a % of U.S. total population	7.2%	8.5%	—
Persons of Mexican ethnicity residing in the U.S., total	8,740,000	13,496,000	54.4%
Mexican Immigrants	2,570,851	4,465,219	73.7
Mexican Americans (persons born in the U.S., with Mexican ancestry)	6,169,149	9,030,781	46.4
Immigrants as a % of total population of Mexican ethnicity residing in the U.S.	29.4%	33.1%	—

Source: U.S. Department of Commerce, *1980 and 1990 United States Census of Population and Housing 5% Public Use Microdata Samples (PUMS)*. Author's tabulations.

ethnicity. The remaining one third consisted of Mexican immigrants.

Table 1 indicates that the total Mexican population in the U.S. grew by 4,756,000 people during the 1980s, an increase of 54.4% over the population in 1980. By all measures, this increase was substantially above that for the overall population: The American population rose by only 9.8 percent from 1980 to 1990. A major reason for the faster growth of the Mexican population in the U.S. was the comparatively high rate of Mexican immigration during the decade. Of the increased number of persons of Mexican ethnicity in the U.S. in the 1980s, a total of 60.2 percent were immigrants.

Table 2 focuses on the Mexican immigrant population residing in the United States during 1990. A total of 4,465,219 persons born in Mexico were residing in the U.S. in 1990. Of these, close to 50 percent moved to America during the 1980s. The remainder came before 1980.

TABLE 2

THE MEXICAN IMMIGRANT POPULATION OF THE UNITED STATES, 1990
BY YEAR OF ENTRY

Group	Population in 1990	Percentage of total immigrant population (%)
Mexican-Immigrants, total	4,465,219	100.0%
Year of entry to the U.S.:		
1980 - 1990	2,248,254	50.3
Before 1980	2,216,965	49.7

Source: U.S. Department of Commerce, *1980 and 1990 United States Census of Population and Housing 5% Public Use Microdata Samples (PUMS)*. Author's tabulations.

What is the current socioeconomic status of the Mexican population in the United States? How does it compare with that of the overall population in the country? Column 1 of Table 3 displays the average annual household income of various groups of the population residing in the U.S. during 1990. As can be seen, the population of Mexican ethnicity had significantly lower household income than the overall U.S. population. For instance, the Mexican immigrant population had an average annual household income during 1989 equal to $31,290, compared to $41,437 for the overall population of the United States.

TABLE 3

HOUSEHOLD INCOME OF THE POPULATION IN THE U.S., 1989
All Households

Population Group	Household Income	Persons in Household	Per-Capita Household Income
United States resident population, total	$41,437	3.48	14,042
Immigrants (persons born outside the U.S.)	40,969	4.12	12,236
Native-born (persons born in the U.S.)	41,485	3.41	14,238
Persons of Mexican ethnicity residing in the U.S., total	31,642	4.96	7,553
Immigrants	31,290	5.57	6,415
Mexican Americans (persons born in the U.S., with Mexican ancestry)	31,831	4.63	8,163

Source: See Tables 1 and 2.

In comparing populations on the basis of household income, one should be aware that the number of people residing in a household may vary across the various groups considered. Because of this variability, two households with identical income may have widely different standards of living: if one household has ten persons living in it while the other has only three persons, the standard of living is much higher in the latter. In order to adjust for differences in household size, economists usually divide household income by the number of persons in the household to compute per-capita household income.

The second column of Table 3 shows the great variability in the average number of persons per household across the various groups considered. This confirms the significance of computing income per-capita, which is presented in the last column of Table 3. Note that the household income differentials between

the population of Mexican ethnicity and the rest of the population do not disappear when one considers per-capita income and, in fact, they are magnified. The explanation is that: (1) the Mexican-origin population in the U.S. has significantly larger household size, and (2) households with the lowest income also tend to have the largest number of people.

The last column of Table 3 shows the per-capita household income levels for the overall resident population of the U.S. and the Mexican population residing in the United States during 1990. Persons of Mexican ethnicity had substantially lower income than the average person in the United States. Furthermore, the per-capita income of the Mexican immigrant population was much lower than the income per person of the Mexican-American population. For persons of Mexican ethnicity born in the U.S., average household per-capita income was $8,163, which can be compared with $6,415 for the immigrant Mexican population.

It can be concluded that the economic situation of Mexican immigrants as described by the Census in 1990 was abysmally lower than that of the rest of the population, including the Mexican-American population. Mexican immigrants had per-capita income in 1989 equal to 45.7 percent of that of the overall population residing in the United States and 78.5 percent of the Mexican-American income. This represents a dismal picture. It gets worse, however, when one realizes that the Mexican immigrant population did not exhibit any significant improvement in per-capita income in the 1980s and, in fact, it suffered a *decline* in income, as we show next.

What changes occurred in the socioeconomic status of Mexican immigrants during the 1980s? Table 4 displays the changes in the average per-capita income of the resident population of the United States. The figures for 1979 in Table 4 are adjusted for inflation —expressed in 1989 dollars— so as to be able to better measure the changes in the standard of living of the population. The

TABLE 4

CHANGES IN THE PER-CAPITA HOUSEHOLD INCOME OF THE U.S. POPULATION
1979 - 1989
All persons

Population Group	Per-Capita Income 1979	1989	Change in Income (%) 1979 - 1989
United States resident population, total			
Immigrants	11,010	12,236	11.1
Native-born	12,000	14,238	18.7
Income of Immigrants as a % of the income of native-born	91.7%	85.9%	—
Persons of Mexican ethnicity residing in the U.S., total			
Immigrants	6,465	6,415	-0.8
Mexican-Americans	7,460	8,163	9.4
Income of Mexican immigrants as a % of income of Mexican-Americans	86.7%	78.5%	—

Source: See earlier tables. The inflation-adjusted data for 1979 income are in 1989 dollars and have been adjusted by the change in the U.S. Consumer Price Index between 1979 and 1989 as published by the U.S. Bureau of Labor Statistics.

Mexican immigrant population actually exhibited a *decline* in per-capita income during the 1980s: In 1979, the annual household income per person of the immigrant Mexican population was $6,465, expressed in 1989 dollars. By 1989, the per-capita income of this population had shrunk to $6,415. This deterioration in economic status occurred in spite of the fact that the Mexican-American population (born in the U.S.) exhibited a significant improvement in economic well-being, showing a 9.4 percent increase in income during the decade. Furthermore, the deterioration in the economic situation of Mexican immigrants occurred during a time period when the U.S. economy was expanding rapidly. This economic growth led to a sharp increase in the per-capita income of the overall population in America —by 17.8 percent between 1979 and 1989, as Table 4 shows. The income

expansion also spilled-over into increases in the income of the overall U.S. immigrant population, which rose by 11.1 percent during the decade. The comparatively lower rate of economic progress of Mexican immigrants can be seen in Table 5, which presents the income changes of various groups of immigrants between 1979 and 1989, adjusted for inflation. Overall, Hispanic immigrants had lower income growth than non-Hispanic immigrants. However, this was due mostly to the large Mexican component among Hispanic immigrants. Non-Mexican Hispanic immigrants exhibited substantial increases in income in the 1980s. For instance,

TABLE 5

CHANGES IN THE PER-CAPITA HOUSEHOLD INCOME OF U.S. IMMIGRANTS
1979 - 1989

All persons

Immigrant Group	Per-Capita Income 1979	Per-Capita Income 1989	Change in Income (%) 1979 - 1989
Immigrants, Total	11,010	12,236	11.1
Non-Hispanic White Immigrants	13,573	17,338	27.7
Non-Hispanic Black Immigrants	8,514	11,120	30.6
Hispanic Immigrants, Total	7,754	8,138	4.9
Central American	7,190	7,997	11.2
Cuban	11,007	13,088	18.9
Dominican	6,029	7,227	19.9
Mexican	6,465	6,415	-0.8
Puerto Rican*	6,745	8,360	23.9
South American	8,877	11,851	33.5
Asian Immigrants	10,740	12,762	18.8

Source: See earlier tables. The inflation-adjusted data for 1979 income are in 1989 dollars and have been adjusted by the change in the U.S. Consumer Price Index between 1979 and 1989 as published by the U.S. Bureau of Labor Statistics.

* Puerto Rican immigrants are persons born in the Island of Puerto Rico who have migrated to, and reside in, the continental United States.

South American immigrants had income gains of 33.5 percent during the decade, Cuban immigrants had an 18.9 percent income increase, and Dominican immigrants experienced a 19.9 percent income expansion.

The absence of an improvement in the average per-capita income of the Mexican immigrant population in the 1980s is associated with a significant rise in poverty levels. Table 6 presents poverty rates for various groups of the American resident population in 1990. As Table 6 shows, the poverty rate of the Mexican immigrant population increased from 25.7 percent in 1980 to 29.1 percent in 1990. This poverty rate is higher than that among the overall U.S. population, including the U.S.-born Mexican population and the overall immigrant population.

Our analysis suggests that the key question regarding the socioeconomic status of immigrants in the U.S. during the 1980s is why the Mexican immigrant population suffered a deterioration of its economic status when the overall population —both immigrants and native-born— was benefiting from significant income growth.

TABLE 6

COMPARATIVE POVERTY OF THE MEXICAN POPULATION IN THE UNITED STATES, 1980 - 1990

Population Group	Poverty rate 1980	1990
United States resident population, total		
Immigrants	16.1	18.2
Native-born	11.8	12.7
Persons of Mexican ethnicity residing in the U.S. total		
Mexican Immigrants	25.7	29.1
Mexican-Americans	22.4	25.0

Source: Same as in earlier Tables. Author's tabulations.

III. CAN DEMOGRAPHIC FACTORS EXPLAIN THE DETERIORATING ECONOMIC STATUS OF MEXICAN IMMIGRANTS?

One possible set of explanations for the rising poverty rates among Mexican immigrants in the U.S. is demographic. The age structure of a population, for instance, makes a significant difference in terms of income: except for the very old, as persons age, they generally tend to have higher income than when they were younger. As a result, if the average age of a population declines, its average income may go down.

Although the Mexican immigrant population in the United States does appear to be younger in 1990 than in 1980, the shift is almost insignificant. The average age of the Mexican population declined from 32 years in 1980 to 31.4 years in 1990. By comparison, the average age of the overall immigrant population in the United States declined from 40.8 years in 1980 to 38.4 years in 1990. The latter clearly represents a more significant drop than the one observed for Mexican immigrants, yet, the overall immigrant population of the U.S. did show higher income in the 1980s.

If changes in the average age of the population do not seem to be significant in explaining the increased poverty among Mexican immigrants, could shifting family structure be a factor? The literature on the subject concludes that a key variable associated with poverty is the proportion of all households headed by women without husband present. As economists Sheldon Danziger and Peter Gottschalk observe: " Since these [female-headed] households] have much lower income than married-couple families, this demographic shift places more families in the lower tail of the distribution and is clearly poverty-increasing" [Danziger and Gottschalk (1993), p. 14].

The evidence we obtain based on the 1980 and 1990 Census data is that shifting family structure has had little to do with the increased poverty rates and deteriorating income of Mexican immigrants. The proportion of Mexican

immigrants living in households headed by women, with no spouse present, rose only very slightly during the 1980s, from 9.7 percent in 1980 to 11.1 in 1990. By contrast, other groups of immigrants suffered a sharper increase in female-headed households but exhibited improving economic situation. In fact, among Hispanic immigrants, the Mexican population remains one of the groups with the lowest proportion of female-headed households. Among immigrants from the Dominican Republic, for instance, the proportion of female headed household rose from 27.9 percent in 1980 to 31.4 percent in 1990, while the poverty rate dropped from 34.2 percent in 1980 to 29.8 percent in 1990.

Demographic factors do not appear to be the major explanation for the shifting socioeconomic condition of Mexican immigrants in the United states. A second set of factors is related to the labor market. We discuss these in the next section.

IV. THE DETERIORATING LABOR MARKET SITUATION OF THE MEXICAN IMMIGRANT POPULATION IN THE UNITED STATES

The deteriorating per-capita household income among Mexican immigrants in the 1980s, as established earlier, can be explained by major shifts occurring in the American labor market during the decade. These changes impacted more negatively on the employment and earnings of the Mexican immigrant population, when compared to other groups in the country. Indeed, while certain groups in the labor market were greatly gaining from the economic expansion of the 1980s, the Mexican immigrant population, as well as other groups with similar characteristics, were suffering from a collapsing labor market.

Labor market outcomes include: (1) labor force participation, (2) employment or unemployment rate of those persons who are in the labor force, and (3) earnings received by those who are employed. We examine how these variables

changed in the 1980s, both for the Mexican immigrant population as well as the overall population in the United States.

Labor Force Participation and Unemployment

One variable which can be immediately discounted as possibly explaining the deterioration of the socioeconomic status of Mexican immigrants is labor force participation. As Table 7 indicates, the proportion of persons participating in the labor force among the Mexican population is generally higher than that among the general population. Furthermore, labor force participation among Mexican immigrants rose sharply during the last decade. Among men, the labor force participation rate of Mexican immigrants increased from 81.6 percent to 86.2 percent. Among women, the increase was from 43.2 percent to 50.7 percent. Given these changes, it is even more puzzling why the income of Mexican immigrants failed to rise in the 1980s. We turn to examine unemployment and earnings.

TABLE 7

LABOR FORCE PARTICIPATION RATES OF THE POPULATION OF THE UNITED STATES, 1980 - 1990
Persons 16 years of age or older

Population Group	Labor Force Participation Rate (%)			
	Male		Female	
	1980	1990	1980	1990
United States resident population, total	75.1	75.9	49.8	57.4
Immigrants	70.4	77.7	43.6	52.8
Native-born	75.5	75.7	50.4	57.9
Persons of Mexican ethnicity residing in the U.S., total	79.3	81.8	49.2	55.3
Mexican Immigrants	81.6	86.2	43.2	50.7
Mexican-Americans	78.0	77.4	52.2	58.9

Source: See earlier tables. Author's tabulations.

Table 8 displays the proportion of the labor force that was unemployed in 1980 and 1990, for native-born and immigrant groups in the United States. The data shows that the unemployment rate of Mexican immigrants increased during the 1980s. Among Mexican immigrant women, the unemployment rate rose from 12.5 percent in 1980 to 15.2 percent in 1990. Among Mexican immigrant men, unemployment increased from 8.7 percent to 9.2 percent. All of these unemployment rates are well above those for the overall population in the United States, which is also displayed in Table 8.

Rising unemployment rates help explain the declining socioeconomic status of the Mexican immigrant population. However, they cannot be the whole story. As Table 8 shows, the unemployment rate among the overall immigrant population in the U.S. rose in the 1980s. Yet, as we discussed earlier, the economic status of these immigrants improved during the decade. We focus next on the changes in earnings during the 1980s.

TABLE 8

UNEMPLOYMENT RATES IN THE UNITED STATES, 1980 - 1990
Persons 16 years of age or older

Population Group	Unemployment Rate (%)			
	Male		Female	
	1980	1990	1980	1990
United States resident population, total	6.4	6.2	6.5	6.2
Immigrants	6.3	7.2	7.8	8.6
Native-born	6.4	6.1	6.4	5.9
Persons of Mexican ethnicity residing in the U.S., total	8.9	9.8	10.3	12.0
Mexican Immigrants	8.7	9.2	12.5	15.2
Mexican-Americans	9.0	10.5	9.4	10.0

Source: See earlier tables. Author's tabulations.

Earnings

In Table 9 we display the annual earnings of Mexican immigrants in 1979 and 1989, compared with those of other groups of workers in the population. The 1979 figures have been adjusted for inflation and expressed in 1989 dollars. As can be seen, the average annual earnings of Mexican immigrant men declined sharply in the 1980s and those of women stayed basically unchanged. For men, annual earnings in 1979 (expressed in 1989 dollars) were on average equal to $15,467.

TABLE 9

CHANGES IN ANNUAL EARNINGS IN THE UNITED STATES
1979 - 1989
Employed persons 16 years of age or older

Population Group	1979 Earnings (In 1989 $)	1989 Earnings	% Change 1980-1990
	A. MEN		
United States resident population, total	$23,313	$24.632	5.7%
Immigrants	22,109	22,158	0.2
Native-born	23,408	24,931	6.5
Persons of Mexican ethnicity in the United States	17,184	15,631	-9.0
Mexican Immigrants	15,467	13,515	-12.6
Mexican-Americans	18,178	17,881	-1.6
	B. WOMEN		
United States resident population, total	11,930	14,306	19.9
Immigrants	12,326	14,102	14.4
Native-born	11,899	14,327	20.4
Persons of Mexican ethnicity in the United States	9,769	10,970	12.3
Mexican Immigrants	9,087	9,120	0.4
Mexican-American	10,044	12,119	20.6

Source: See earlier tables.

By 1989, male Mexican immigrant earnings were equal to $13,515, a drop of 12.6 percent relative to 1979. Among Mexican immigrant women, annual earnings changed little in the 1980s, being equal to $9,087 in 1979 and $9,120 in 1989.

The deteriorating earnings of the Mexican immigrant population in the 1980s was unmatched by the overall population of the U.S., whose earnings rose during the decade. However, as Table 9 shows, the Mexican experience is shared to a large extent by the overall immigrant population, which also showed lagging growth in earnings during the 1980s relative to persons born in the United States. As a matter of fact, among the overall immigrant male population, there was a total absence of earnings growth in the decade. This suggests that the factors which have reduced the earnings of Mexican immigrants may also be operating for other members of the foreign-born population. We move to discuss this issue in the next section.

V. EDUCATION AND THE DETERIORATING LABOR MARKET FOR UNSKILLED IMMIGRANTS IN THE UNITED STATES

What explains the deterioration of the labor market situation of the Mexican foreign-born population in the United States during the 1980s, especially among males? Economic studies of the determinants of employment rates and earnings suggest that educational attainment is one of the key factors determining success in the labor market. Higher educational attainment raises worker productivity and is thus related to increased earnings and lower unemployment.

More significantly, there is now a substantial amount of literature documenting the fact that the labor market for workers with comparatively low educational attainment collapsed in the U.S. during the 1980s. This means that higher education became much more richly rewarded economically. As these changes

occurred, unskilled workers suffered a deterioration of their employment opportunities and their earnings. At the same time, the labor market facing skilled workers boomed. Groups in the population with high proportion of college-educated persons became richer while groups with high numbers of workers with less than high school education suffered. The Mexican immigrant population falls in the latter category.

Table 10 presents the educational outcomes of the Mexican immigrant population in the United States in 1990, compared to the overall population. Note that, by far, the Mexican immigrant population has the highest proportion of persons with educational attainment less than a high school diploma. A total of 74.8 percent of the Mexican foreign-born population in the U.S. with 25 years of age or older had not completed high school. Only 3.7 percent of this group had in fact completed college. These figures reflect substantially lower educational

---

TABLE 10

THE EDUCATIONAL STATUS OF THE U.S. POPULATION, 1990
Persons 25 years of age or older

Population Group	Percentage of the Population Completing: Less than High School	High School	Some College	College or More
United States resident population	24.6	30.1	24.9	20.4
Immigrants	40.8	19.9	19.1	20.2
Native- born	22.6	31.3	25.6	20.5
Persons of Mexican ethnicity in the United States:	56.2	20.2	17.3	6.3
Mexican immigrants	74.8	12.0	9.5	3.7
Mexican-Americans	39.4	27.7	24.3	8.6

Source: See earlier tables. Author's tabulations.

attainment relative to both the overall immigrant population in the U.S. and the U.S.-born, Mexican-American population. For instance, among the overall immigrant population in 1990 with 25 years of age or older, 40.8 percent had not completed high school and 20.2 percent had completed college.

The average educational attainment of the Mexican immigrant population did not change much over the 1980s. Table 11 shows the changes in educational attainment of the Mexican immigrant population, compared with the overall population. In 1980, the proportion of Mexican immigrants with 25 years of age or older who had not completed college was 77.1 percent, which declined to 74.8 percent by 1990. At the same time, the proportion completing college rose from 3.3 percent in 1980 to 3.7 percent in 1990, a minimal increase. By contrast, most other groups in the population shown by Table 11 exhibited substantial improvement in educational attainment. Among the U.S.-born Mexican-American

TABLE 11

CHANGES IN EDUCATIONAL STATUS OF THE U.S. POPULATION, 1980 - 1990
Persons 25 years of age or older

Population Group	Percentage of the Population Completing: 1980 Less than High School	1980 College or More	1990 Less than High School	1990 College or More
United States resident population:				
Foreign-born	45.8	16.6	40.8	20.2
U.S.- born	30.5	17.3	22.6	20.5
Persons of Mexican ethnicity in the United States:				
Foreign-born	77.1	3.3	74.8	3.7
U.S.-born	50.9	6.7	39.4%	8.6%

Source: See earlier tables. Author's tabulations.

population, the proportion of persons 25 years old or older with less than a high school education sharply decreased from 50.9 percent to 39.4 percent, although, for this group, the fraction completing college remains sharply lower than the overall for the United States.

The lower educational attainment of the Mexican immigrant population in the U.S. explains to a large extent the deteriorating earnings and employment of this group in the 1980s. The sluggish labor market facing unskilled workers in general in the U.S. during the decade resulted in the serious earnings losses documented in the last section. This is a pattern that applies also to other groups of unskilled immigrants. Table 12 depicts the changes in the annual earnings of

TABLE 12

THE DETERIORATING LABOR MARKET FOR UNSKILLED IMMIGRANTS, 1979 AND 1989

Average Annual Earnings of Immigrant Workers, 25-64 years old

Group, By Educational Attainment		1979 Earnings (1990 $)	1989 Earnings (1990 $)	% Change 1979 to 1989
Less than High School	Men	19,188	14,134	-26.3%
	Women	10,791	10,019	-7.2%
High School Graduate	Men	25,185	18,247	-27.5%
	Women	12,414	11,937	-3.8%
Some College	Men	30,141	24,578	-18.4
	Women	14,729	16,894	14.7
College Graduate	Men	31,630	32,180	1.7
	Women	18,103	22,219	22.7
Post-College Education	Men	43,308	46,291	6.9
	Women	23,947	27,254	13.8

The inflation-adjusted data for 1979 earnings are in 1989 dollars and have been adjusted by the change in the Consumer Price Index between 1979 and 1989.

Source: 1980 and 1990 U.S. Census of Population and Housing 5% PUMS.

immigrants in the United States during the 1980s, by educational attainment. Workers with less than high school education, and even high school graduates, suffered sharp reduction in earnings (adjusted for inflation). For instance, for immigrants without a high school diploma, the annual earnings of men (adjusted for inflation) dropped by 26.3 percent in the 1980s. The annual earnings of women without high school diploma fell by 7.2 percent during the decade. As Table 12 shows, only college graduates obtained higher earnings in the 1980s. This was especially so among women, who exhibited substantially higher earnings gains than men.

What explains the deteriorating labor market conditions of unskilled immigrants? Research on this issue suggests that economic restructuring and technological changes in the workplace, which have reduced the demand for unskilled labor relative to skilled labor account for most of the changes. Economic restructuring, in the form of a sharp contraction of blue-collar manufacturing, replaced with an increase in white-collar service sector employment, has been postulated as an explanation for the drop of economic opportunities for unskilled, blue-collar workers. In addition, the research by economists Kevin Murphy of the University of Chicago, Finis Welch of UCLA, and Alan Krueger of Princeton suggests that most of the drop in the wages of unskilled workers relative to educated labor in the United States during the 1980s is related to technological change in the workplace. These technological changes, such as those relating to the use of computers, reduced the demand for unskilled workers, shifting upwards the demand for highly-educated labor. The result was an increase in the wage premium paid to education in the labor market.

VI. CONCLUSIONS

The research described in this report can be summarized as:

1. In 1990, immigrants accounted for 8.5 percent of the total population residing in the United States, an increase over the proportion in 1980, when immigrants composed 7.2 percent of the population.

2. The number of U.S. residents identifying themselves as of Mexican ethnicity reached thirteen and a half million in 1990. Of these, approximately two-thirds were Mexican-American, that is, persons born in the U.S. identifying themselves as having Mexican ethnicity. The remaining one-third consisted of immigrants.

3. The economic situation of Mexican immigrants as described by the 1990 Census was abysmally lower than that of the rest of the population, including the Mexican-American population. On average, Mexican immigrants had household income per person in 1989 equal to 45.7 percent of that of the overall population residing in the U.S. and 78.5 percent of the per-capita income of Mexican-Americans.

4. In the 1980s, the per-capita income of the Mexican immigrant population in the U.S. slightly declined, when adjusted for inflation. In 1979, the average annual household income per person of the immigrant Mexican population was $6,465, expressed in 1989 dollars. By 1989, the per-capita income of this population had shrunk to $6,415. This deterioration in economic status occurred in spite of the fact that the overall American population saw its per-capita income rise by 17.8 percent during the 1980s, including the Mexican-American (U.S.-born) population, which exhibited a 9.4 percent increase in per-capita income during the decade.

5. The poverty rate among Mexican immigrants increased sharply during the 1980-1990 period, rising from 25.7 percent in 1980 to 29.1 percent in 1990.

6. Demographic factors do not appear to account for the deterioration of the status of Mexican immigrants in the United States. The average age of this population remained approximately equal during the decade. Furthermore, the proportion of female-headed households among Mexican immigrants remains one of the smallest for any racial and ethnic group in the nation: in 1990, only 11.1 percent of Mexican immigrants lived in female-headed households.

7. Declining labor force participation is *not* a factor explaining the worsening economic situation of Mexican immigrants. As a matter of fact, Mexican immigrant labor force participation rates rose substantially during the decade. Among Mexican immigrant men, the labor force participation rate rose from 81.6 percent in 1980 to 86.2 percent in 1990. Among Mexican immigrant women, the increase in labor force participation was from 43.2 percent to 50.7 percent.

8. Two variables mostly explain the deteriorating economic situation of Mexican immigrants: higher unemployment rates and sharply falling earnings (when adjusted for inflation).

9. Among Mexican immigrant women, the unemployment rate rose from 12.5 percent in 1980 to 15.2 percent in 1990. Among Mexican immigrant men, unemployment increased from 8.7 percent to 9.2 percent.

10. The annual earnings of Mexican immigrants spiraled downwards in the 1980s, when adjusted for inflation. For men, annual earnings in 1979 (expressed in 1989 dollars) were on average equal to $15,467. By 1989, male Mexican immigrant earnings were equal to $13,515, a drop of 12.6 percent relative to 1979. Among Mexican immigrant women, annual earnings changed little in the 1980s, being equal to $9,087 in 1979 and $9,120 in 1989.

11. The key reason why Mexican immigrants fell back in economic status during the 1980s is related to the deteriorating labor market position of unskilled workers in America: given the high proportion of Mexican immigrants with educational attainment equivalent to less than a high school diploma, the collapsing labor market for these workers severely curtailed their economic opportunities in the United States. In 1990, a total of 74.8 percent of the Mexican foreign-born population in the U.S. with 25 years of age or older had not completed high school. Only 3.7 percent of this group had in fact completed college. The average educational attainment of the Mexican immigrant population did not change much over the 1980s. In 1980, the proportion of Mexican immigrants with 25 years of age or older who had not completed college was 77.1 percent, which declined to 74.8 percent by 1990. At the same time, the proportion completing college rose from 3.3 percent in 1980 to 3.7 percent in 1990, a minimal increase. By contrast, most other groups in the population exhibited substantial improvement in educational attainment.

12. The deteriorating earnings of the Mexican immigrant population in the 1980s was unmatched by the overall population of the U.S., whose earnings rose during the decade. However, the Mexican experience is shared to a large extent by the overall immigrant population, which also showed lagging growth in earnings during the 1980s relative to persons born in the United States. As a matter of fact, among the overall immigrant male population, there was a total absence of earnings growth in the decade. Furthermore, immigrant workers with less than high school education, and even high school graduates, suffered sharp reduction in earnings (adjusted for inflation). For instance, for immigrants without a high school diploma, the annual earnings of men (adjusted for inflation) dropped by 26.3 percent in the 1980s. The annual earnings of women without high school diploma fell by 7.2 percent during the decade.

The current economic difficulties facing unskilled immigrants in the U.S. suggest that public policies intended to ease the adjustment of recent immigrants to the labor market should continue to be supported. Programs to raise English proficiency, adult literacy courses and immigrant apprenticeship programs should be considered as critical.

On the other hand, it would be a serious mistake to consider the results presented in this research report as suggesting that unskilled immigration to the United States —from Mexico or anywhere else— should be in any way be restricted. There is no substantive evidence available indicating that inflows

of unskilled immigrants depress the economic conditions of existing workers in U.S. labor markets to any significant extent. On the contrary, the formal research that exists examining the issue suggests that, both for the United States overall and specific labor markets, the impact of immigration on wages in recent years has been small [see, for example, Card (1992), Rivera-Batiz and Sechzer (1991)]. This is confirmed by research quoted earlier showing that the lower wages received by unskilled workers in the U.S. over the last decade have not been linked to immigration but rather to economic restructuring and technological changes in the workplace, which have reduced the demand for unskilled labor relative to skilled labor.

VII. REFERENCES

Blackburn, McKinley, David Bloom and Richard Freeman, "The Declining Economic Position of Less Skilled American men," in G. Burtless, ed., *A Future of Lousy Jobs?: The Changing Structure of U.S. Wages*, The Brookings Institution, Washington, D.C., 1990.

Borjas, George, *Friends or Strangers: The Impact of Immigrants on the U.S. Economy*, Basic Books, New York, 1990.

Card, David, "The Impact of the Mariel Boatlift on the Miami Labor Market," *Industrial and Labor Relations Review*, January 1990.

Danziger, Sheldon and Peter Gottschalk, "Introduction," in S. Danziger and P. Gottschalk, eds., *Uneven Tides: Rising Inequality in America*, Russell Sage Foundation, New York, 1993.

Krueger, Alan B., "How Computers Have Changed the Wage Structure: Evidence from Microdata, 1984-89," National Bureau of Economic research, Working Paper No. 3858, October 1991.

Murphy, Kevin and Finis Welch, "Industrial Change and the Rising Importance of Skill," in S. Danziger and P. Gottschalk, eds., *Uneven Tides: Rising Inequality in America*, Russell Sage Foundation, New York, 1993.

Rivera-Batiz, Francisco and Selig Sechzer, "Substitution and Complementarity Between Immigrant and Native Labor in the United States," in F. Rivera-batiz, S. Sechzer and I. Gang, eds., *U.S. Immigration Policy Reform in the 1980s: A Preliminary Assessment*, Praeger Publishers, New York, 1991.